IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

INVENSAS CORPORATION,	)	
	)	
Plaintiff,	)	
	)	
v.	)	C.A. No. 11-448 (GMS) (CJB)
	)	
RENESAS ELECTRONICS CORPORATION,	)	REDACTED - PUBLIC VERSION
	)	
Defendant.	)	

LETTER TO THE HONORABLE CHRISTOPHER J. BURKE
REQUESTING ORDER COMPELLING PRODUCTION OF DOCUMENTS

MORRIS, NICHOLS, ARSHT & TUNNELL LLP
Karen Jacobs Louden (#2881)
Michael J. Flynn (#5333)
1201 N. Market Street
P.O. Box 1347
Wilmington, DE 19899-1347
(302) 658-9200
klouden@mnat.com
mflynn@mnat.com

Attorneys forDefendant Renesas Electronics Corporation

OF COUNSEL:

Mark G. Davis
Ronald J. Pabis
Patrick J. McCarthy
Gary Coad
WEIL GOTSHAL & MANGES LLP
1300 Eye Street, N.W.
Washington, D.C. 20005
(202) 682-7000

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MORRIS, NICHOLS, ARSHT & TUNNELL LLP
1201 NORTH MARKET STREET
P.O. BOX 1347
WILMINGTON, DELAWARE 19899-1347

(302) 658-9200
(302) 658-3989 FAX

KAREN JACOBS LOUDEN
(302) 351-9227
(302) 425-4681 FAX
klouden@mnat.com

April 25, 2013

The Honorable Christopher J. Burke
United States District Court for the District of Delaware
844 North King Street
Wilmington, DE 19801

REDACTED - PUBLIC VERSION

Re: *Invensas Corporation v. Renesas Electronics Corporation,*
C.A. No. 11-448 (GMS/CJB)

Dear Judge Burke:

Defendant Renesas Electronics Corporation ("Renesas") respectfully requests that the Court issue an Order compelling Plaintiff Invensas Corporation ("Invensas") to produce licensing negotiation documents related to the Asserted Patents, including negotiations that have not resulted in a consummated licensing agreement.

BACKGROUND

Renesas has repeatedly asked Invensas to produce documents reflecting negotiations to license the Asserted Patents, which courts have repeatedly found to be relevant and admissible. Ex. 1. In its responses, Invensas never once denied the relevance of these requests. Ex. 2. Instead, and without support, Invensas has insisted that it would only produce licensing negotiation documents related to the Asserted Patents if Renesas produces its own license negotiation documents for unrelated patents. *Id.* As explained below, Invensas cannot block discovery into plainly relevant documents by attempting to force discovery on patents unrelated to those at issue in this case.

STANDARD

It is uncontested that where a patentee's negotiations "involved the patents-in-suit, its communications with . . . other potential licensees are directly relevant" to damages. *Two-way Media LLC v. AT&T, Inc.*, CA No. SA-09-CA-476-OG, D.N. 298 at p. 5 (E.D. Tex. Mar. 7, 2011); *see also Tyco Healthcare Group LP v. E-Z-EM, Inc.*, CA No. 2:07-CV-262 (TJW), 2010 U.S. Dist. LEXIS 18253, at **6-7 (E.D. Tex. Mar. 2, 2010) ("The Federal Circuit has explained that prior license agreements that result from litigation can be the 'most reliable' to the hypothetical negotiation damages analysis and, when performing a reasonable royalty calculation, the Court should consider 'the panoply of events and facts that occurred thereafter and that could not have been known to or predicted by the hypothesized negotiators.'") (quoting *ResQNet.com, Inc. v. Lansa, Inc.*, 564 F.3d 860, 872 (Fed. Cir. 2010)); *see also Sorensen v.*

Lexar Media, Inc., CA No. 08-0095 JW (RS), 2008 U.S. Dist. LEXIS 105503, at *6-7 (N.D. Cal. Dec. 19, 2008) (holding that licensing negotiation "drafts and proposals are relevant to the underlying litigation" because they can lead to the discovery of relevant evidence of value for the patents-in-suit or what constitutes a reasonable royalty). In addition to damages, the patentee's prior licensing negotiation documents are also particularly relevant to the issues of claim construction, non-infringement, and invalidity because the negotiations include the patentee's statements regarding the scope of the patent as well as the potential licensee's statements and disclosures of prior art. *Conopco, Inc. v. Warner-Lambert Co.*, CA No. 99-101 (KSH), 2000 WL 342872 at *6 (D.N.J. Jan. 26, 2000) (holding that licensing negotiation documents may contain statements against interest and such statements "may be considered by a court when construing the scope of a patent and are relevant to the issues of infringement and validity").

Negotiations for a license to the Asserted Patents are relevant and discoverable, even where the negotiations did not result in an executed license. *See, e.g., High Point Sarl v. Sprint Nextel Corp.*, C.A. No. 09-2269-CM-DJW, 2011 U.S. Dist. LEXIS 83126, at *18-19 (D. Kan. Jul. 29, 2011) ("High Point argues that the Court should limit discovery to correspondence pertaining to consummated licensing agreements. The Court is not persuaded by this argument. . . . [because] requiring the disclosure of only consummated agreements would 'fail[] to acknowledge that licensing and infringement positions may be taken and discarded or otherwise changed over time based on a myriad of extrinsic factors that could well be relevant to another party accused of infringement.'"(quoting *Phoenix Solutions Inc. v. Wells Fargo Bank, N.A.*, 254 F.R.D. 568, 582 (N.D. Cal. 2008)). Even negotiations that do not result in a final agreement are relevant and discoverable because they are ripe with the same significant evidence related to damages, claim construction, non-infringement, and invalidity. *Id.*

ANALYSIS

Invensas's business model is primarily based upon deriving revenue from the purchase and subsequent licensing of patents. Indeed, the Asserted Patents in this case were not developed by Invensas but instead were purchased from LSI. REDACTED [redacted] Ex. 3. REDACTED [redacted] Despite numerous requests, Invensas has refused to disclose whether it has been engaged or is engaged in other licensing efforts besides those that resulted in the three noted licenses. Indeed, Invensas did not even disclose those licenses in response to Renesas's discovery requests. It was only after Renesas pointed to public information disclosing the licenses that Invensas belatedly agreed to produced them.

Invensas does not deny the relevance or discoverability of its licensing negotiation documents. It nonetheless refuses to produce them unless Renesas also agrees to produce its negotiations for unrelated patents.

Openly withholding discovery in an attempt to extract additional discovery from the opposing party is improper. In any event, because Renesas's licenses are unrelated to the Asserted Patents, discovery of negotiations related thereto would not only be irrelevant, but also highly burdensome. *See ResQnet*, 594 F.3d at 872-873 ("[T]he trial court should not rely on unrelated licenses to increase the reasonable royalty rate above rates more clearly linked to the economic demand for the claimed technology."). The Federal Circuit has "long required district courts performing reasonable royalty calculations to exercise vigilance when considering past licenses to technologies ***other*** than the patent in suit." *Id.* at 869 (emphasis in original). The Federal Circuit in *ResQnet* only addressed vigilance with respect to unrelated licenses; the level of scrutiny regarding negotiation documents unrelated to the Asserted Patents must be even higher. Invensas has not and cannot meet any necessary burden to show why Renesas's production of its executed licenses is insufficient.

Invensas's negotiation documents are uniquely relevant to the issues in the case, and should be produced. The negotiation documents are relevant not only to a reasonable royalty analysis, but also to the issues of claim construction, non-infringement, and invalidity – as the negotiations inevitably include disclosed reveal prior art and statements against interest. *See Phoenix Solutions Inc.*, 254 F.R.D. at 582 ("There are a multitude of ways in which Phoenix's correspondences with third parties related to license negotiations could be relevant to this litigation" including "what Phoenix believes infringes the patents-in-suit, what Phoenix would consider a reasonable royalty rate for the patents-in-suit, and that third-party responsive communications could potentially reveal evidence of prior art systems that existed before Phoenix filed its patents."); *see also High Point Sarl*, 2011 U.S. Dist. LEXIS 83126, at *17-18 ("Other courts have found a patent holder's correspondence with third parties related to licensing negotiations to be relevant in patent infringement suits. Courts have found it relevant to ascertaining the extent of liability, formulating an appropriate litigation strategy, infringement and validity of the patents at issue, whether prior licenses are comparable, and calculation of reasonable royalty."). Given the distinct relevance of negotiation documents related to the Asserted Patents, Invensas should be compelled to produce relevant negotiation documents.

REDACTED [redacted] Indeed, Tessera states in its press releases that Tessera Intellectual Property Corp. manages Invensas's patent portfolio. Ex. 4. REDACTED [redacted]

In *Camden Iron & Metal, Inc. v. Marubeni Am. Corp.*, the court compelled a subsidiary to produce documents of its parent given the parent's particular ties to the transaction at issue. *See* 138 F.R.D. 438 (D.N.J. 1997). In that case, the court reiterated the general rule that "Rule

34(a) does not require [defendant] to demonstrate an alter ego relationship in order to show that a litigant 'controls' documents or things that are possessed by a parent corporation with respect to a ***specific transaction*** involving parent and subsidiary." *Id.* at 442 (emphasis added). In *Camden*, the court compelled the subsidiary to produce its parent's documents related to a specific transaction even though the parent had no direct control over subsidiary's day-to-day activities, each company had its own officers, and only one director was shared. *Id.* at 440. The court ordered the production despite the disconnect between the parent-subsidiary because the parent "played a significant role in the transaction through its continued participation in the negotiation process." *Id.* at 443.

Here, it is clear that in many, if not all, instances Invensas represents Tessera's interests at the negotiation table (or vice-a-versa). To the extent this results in a Tessera entity maintaining possession of relevant negotiation documents, they should not be blocked from the litigation, just as they would not be blocked from Invensas during the course of its negotiations. *See Cooper Indus., Inc. v. British Aero-space*, 102 F.R.D. 918, 919-920 (S.D.N.Y. 1984) (granting motion to compel because "it is inconceivable that defendant would not have access to these documents and the ability to obtain them for its usual business"). As such, Invensas should be ordered to also produce relevant negotiation documents that are retained by any Tessera entity involved in the relevant licensing negotiations.

In sum, Renesas respectfully requests that Invensas be compelled to produce the following:

- All non-privileged licensing negotiation documents for executed licenses that include the Asserted Patents by or on behalf of Invensas

- All non-privileged licensing negotiation documents related to any other efforts to license one or more of the Asserted Patents by or on behalf of Invensas

- All non-privileged licensing negotiation documents falling in either category above that are in possession of a Tessera entity that was involved in the subject negotiations

- "Licensing negotiation documents" as used above should include draft or proposed licenses, communications with the (potential) licensee or any other third parties related to the licensing negotiations, any claim charts including the asserted patents exchanged between the negotiating parties, and any patent valuations exchanged with any third party related to those negotiations.

Respectfully,

/s/ Karen Jacobs Louden

Karen Jacobs Louden (#2881)

cc: Clerk of Court
All Counsel of Record